

# **City of Albion, Michigan**

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**Federal Awards  
Supplemental Information  
December 31, 2003**

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## Independent Auditor's Report

Mayor and City Commission  
City of Albion, Michigan

We have audited the general purpose financial statements of City of Albion, Michigan for the year ended December 31, 2003 and have issued our report thereon dated July 8, 2004. Those general purpose financial statements are the responsibility of the management of City of Albion, Michigan. Our responsibility was to express an opinion on those general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of City of Albion, Michigan taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Plante & Moran, PLLC*

July 8, 2004

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## Report Letter on Compliance with Laws and Regulations and Internal Control - General Purpose Financial Statements

Mayor and City Commission  
City of Albion, Michigan

We have audited the financial statements of City of Albion, Michigan as of and for the year ended December 31, 2003 and have issued our report thereon dated July 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether City of Albion, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Albion, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Albion, Michigan's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 96-I.

Mayor and City Commission  
City of Albion, Michigan

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the City Commission, management and the United States Department of HUD and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

July 8, 2004

Report Letter on Compliance with Laws and Regulations and  
Internal Control - Major Federal Awards

Mayor and City Commission  
City of Albion, Michigan

**Compliance**

We have audited the compliance of City of Albion, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2003. The major federal program of City of Albion, Michigan is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of City of Albion, Michigan's management. Our responsibility is to express an opinion on City of Albion, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Albion, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Albion, Michigan's compliance with those requirements.

In our opinion, City of Albion, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

### **Internal Control Over Compliance**

The management of City of Albion, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Albion, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Commission, management and the United States Department of HUD and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

July 8, 2004

# City of Albion, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2003

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Project/Grant Number	Approved Awards Amount	Accrued (Deferred)			Accrued (Deferred)		
				Revenue at January 1, 2003	Federal Revenue Received	Other Revenue Recognized	Federal Expenditures	Revenue at December 31, 2003	Revenue at December 31, 2003
U.S. Department of Housing and Urban Development									
Water Treatment	14.227	N/A	\$ 900,000	\$ (692,292)	\$ 692,292	\$ -	\$ -	\$ -	\$ -
Public Housing program - Section 8 Contract Number C-79089	14.855	N/A	270,663	151,049	255,947	-	255,947	151,049	151,049
CDBG Programs - Passthrough from the State of Michigan									
Department of Commerce/Michigan Jobs Commission:	14.228								
Housing Project		MCS-90-01-HO	150,000	11,828	-	-	-	-	11,828
Total U.S. Department of Housing and Urban Development				(529,415)	948,239	-	255,947	162,877	162,877
U.S. Department of Agriculture:									
Summer Food Program for Children	10.599	N/A	27,980	-	27,980	-	27,980	-	-
U.S. Department of Commerce - EDC Grant-Revolving Loan Fund									
No. 060-39-02127	11.300	N/A	275,000	261,959	-	4,669	-	-	266,628



# City of Albion, Michigan

## Schedule of Expenditures of Federal Awards Year Ended December 31, 2003

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Project/Grant Number	Approved Awards Amount	Accrued (Deferred) Revenue at January 1, 2003	Federal Revenue Received	Other Revenue Recognized	Federal Expenditures	Accrued (Deferred) Revenue at December 31, 2003
U.S. Department of Justice:								
Local Law Enforcement Block Grant-LB-BX-2572	16.592	N/A	30,664	13,823	-	-	13,823	-
Local Law Enforcement Block Grant-LB-BX-3680	16.592	N/A	36,566	36,566	-	-	23,926	12,640
Total Law Enforcement Block Grants				50,389	-	-	37,749	12,640
Byrne Formula Grant-2001-DB-BX-0026	16.579	N/A	28,319	1,619	-	-	1,619	-
Byrne Formula Grant-2002-DB-BX-0026	16.579	N/A	22,991	(1,441)	10,271	-	15,739	(6,909)
Byrne Formula Grant-2003-DB-BX-0026	16.579	N/A	19,642	-	-	-	19,642	(19,642)
Total Byrne Formula Grants				178	10,271	-	37,000	(26,551)
BJA's Bulletproof Vest Partnership Program - BU-BX-020	16.607	N/A	6,800	(925)	-	-	-	(925)
Total U.S. Department of Justice				49,642	10,271	-	74,749	(14,836)
U.S. Department of Homeland Security - FEMA Assistance to Firefighters Grant Program								
U.S. Department of Transportation - Passed through the State of Michigan	97.044	N/A	59,698	-	59,698	-	59,698	-
Eaton Street from Austin Avenue to Erie Street	20.205	HH3505	210,640	-	-	-	75,904	-
East Erie Street from Superior Street to Mingo Street	20.205	HH3190	216,563	-	-	-	32,200	-
Total U.S. Department of Transportation Road Grants				-	-	-	108,104	-
Total Federal Financial Assistance				<u>\$ (217,814)</u>	<u>\$1,046,188</u>	<u>\$ 4,669</u>	<u>\$ 526,478</u>	<u>\$ 414,669</u>

## **City of Albion, Michigan**

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### **Note to Schedule of Federal Awards Year Ended December 31, 2003**

#### **Note 1 - Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Albion, Michigan and is presented on the same basis of accounting as the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

# City of Albion, Michigan

## Schedule of Findings and Questioned Costs Year Ended December 31, 2003

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
14.855	Public Housing Program - Section 8

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low risk auditee? ☒ Yes ☐ No

# City of Albion, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2003

### Section II - Financial Statement Audit Findings

Reference Number	Findings
96-1	<p><b>Finding</b> - Most of the funds of the City of Albion, Michigan, except the Public Housing Program, did not prepare timely bank reconciliations (repeat finding).</p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Condition</b> - The entity did not prepare timely bank reconciliations.</p> <p><b>Description</b> - In order to maintain adequate internal control, timely bank reconciliations should be prepared. We recommend, and City concurs, that timely bank reconciliations should be prepared in the future.</p>

### Section III - Federal Program Audit Findings

Reference Number	Findings
	None